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DIRECTORATE OF  
INTELLIGENCE

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SECRET

25X1



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# *Central Intelligence Bulletin*

## CONTENTS

UN: Security Council debates Israel's Beirut attack. (Page 1)

CHILE: Political groups shift tactics. (Page 2)



25X1

SIKKIM: Political compromise. (Page 4)

CZECHOSLOVAKIA - WEST GERMANY: Burying the hatchet.  
(Page 5)

EUROPEAN COMMUNITIES: France wants soybeans included in farm support system. (Page 5)

LAOS: Government units retreat. (Page 7)

FRANCE: Economy growing. (Page 7)

CHINA: Fertilizer production purchase. (Page 7)

USSR-JAPAN: Soviet shift on natural gas project.  
(Page 8)

CHINA-AFRICA: Interest-free loan to Cameroon.  
(Page 8)

SECRET

SECRET

**UN:** The Security Council last night was subjected to further Arab pressures to condemn Israel's attack on the fedayeen in Beirut. When the Council meets today, Arab states may further increase this pressure with discussion of expulsion of Israel.

Although Lebanon has assured US officials that it will support a balanced resolution that condemns all forms of violence, Beirut will more likely bow to Arab pressures for censure of the Israeli raids alone. Given the current composition of the Council, the Arabs probably can command the nine votes needed to pass a resolution condemning Israel unless there is a veto by a major power.

The American Embassy in Beirut has been formally assured that Egypt and Algeria will also assume moderate positions, but it is more probable that they will exploit the situation to embarrass the US. This is apparently Israel's conclusion; the Israeli representative has confided that he is relying upon a US veto.

Egyptian Foreign Minister Zayyat's arrival in New York yesterday indicates Cairo's interest in exploiting the Lebanese situation for its own purposes. The Egyptians are not likely to be content with a discussion limited to the Israeli raid. Zayyat probably will attempt to broaden the agenda to include a general examination of the Arab-Israeli standoff in hopes of generating pressure on Israel to offer more acceptable terms for a settlement. In support of this effort, Cairo may try to press for a strong anti-Israeli resolution with broad international support in order to isolate the US. Before leaving Egypt, Zayyat implied that he would seek Israel's expulsion from the UN because of its so-called "crimes."

Given the USSR's endorsement of Israeli expulsion last night, Zayyat may well pursue that line when he addresses the Council today. USUN officials know of no draft resolutions prepared for today's meeting, however, and a formal proposal for expulsion would have little prospect for support.

14 Apr 73

Central Intelligence Bulletin

1

SECRET

CHILE: Political groups are beginning to shift tactics in the wake of the congressional elections. The continuing tension is reflected in armed clashes and charges by the government of plotting against it.

Defying an explicit demand by President Allende early this month that workers stop seizing roads and factories to press economic demands, the Movement of the Revolutionary Left (MIR) and other leftist militants have continued to instigate disturbances in Santiago and outlying areas. Openly boasting of their troublemaking role, they are condemning Communist officials for sending the police to "repress" the workers. Allende's spokesman charged on 10 April that the MIR was involved in a plot by the extreme right-wing Fatherland and Freedom to lure workers into uprisings.

It is clear that extremists of both left and right are trying to promote civil disorders. Whether they are in collusion is less certain, but the accusation may be Allende's way of warning the MIR and its allies that he is ready at last to crack down on their attempts to incite violence.

Criticism of the disturbances by several erstwhile supporters of the MIR in the government coalition is further evidence that Allende is trying to isolate radical elements. Some of them in turn are beginning to shift their ground.

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SIKKIM: Tension should ease following yesterday's announcement that a conference will be held in May to work out a political compromise.

The weeks of political unrest that erupted in antigovernment demonstrations earlier this month left the chogyal (ruler) with little choice but to agree to efforts to arrive at some new political arrangement. Most importantly, the ethnic Nepalis, who make up 75 percent of the 200,000 population, are likely to be given a greater role in government. Various practices and laws favoring the Bhutia-Lepcha ethnic minority, who support the chogyal, may be revised. The chogyal's powers, limited by a 1950 agreement with India, probably have been further curtailed by the recent events.

Sikkim is an Indian protectorate on the Tibetan border, and New Delhi did not hesitate to take control of the administration last week when the protests got out of hand. The Indians, at the announced request of the chogyal and with the approval of his opposition, have played the key role in restoring order and arranging the steps toward a political compromise.

The Indians apparently want the chogyal to remain as titular head of state. New Delhi presumably believes the episode will be a reminder to the chogyal that Sikkim is dependent on India and at present stands no chance for greater autonomy, let alone independence or equal status with neighboring Nepal and Bhutan, which are UN members. Although the chogyal has publicly disavowed Indian complicity in instigating the uprising, his suspicion and resentment of India certainly has deepened.

14 Apr 73

Central Intelligence Bulletin

4

~~SECRET~~

25X1

SECRET

CZECHOSLOVAKIA - WEST GERMANY: Czechoslovak and West German negotiators yesterday agreed to a compromise formula for interpreting the nullity of the Munich Agreement of 1938. "Compromise" is probably diplomatic language intended to cover a Czech surrender on the Agreement.

25X1

The negotiators also announced that formal talks will begin in early May, and should be wrapped up "in optimal time." It is unlikely that the proposed non-aggression treaty will be ready for initialing before Brezhnev arrives in Bonn--presumably around 12 May--but the atmosphere by then should be propitious for Brezhnev's purposes.

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EUROPEAN COMMUNITIES: France is again pressing the Commission to recommend including soybeans--a major US agricultural export to the community--in the EC's protectionist farm support system. The French Agriculture Minister raised the issue at this week's EC Council meeting, but the Commission, as well as most EC members--especially West Germany--are reluctant to introduce another contentious issue into US-EC relations. Although the Commission will not present a soybeans proposal at next week's Council session, Paris may exert pressure, with the result that the proposal could be made part of a package deal in the currently difficult bargaining over farm support prices. French Foreign Ministry officials have opposed introduction of the soybeans issue, but pressures are strong for developing a modest production capability in France in order to avoid complete dependence on US imports.

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14 Apr 73

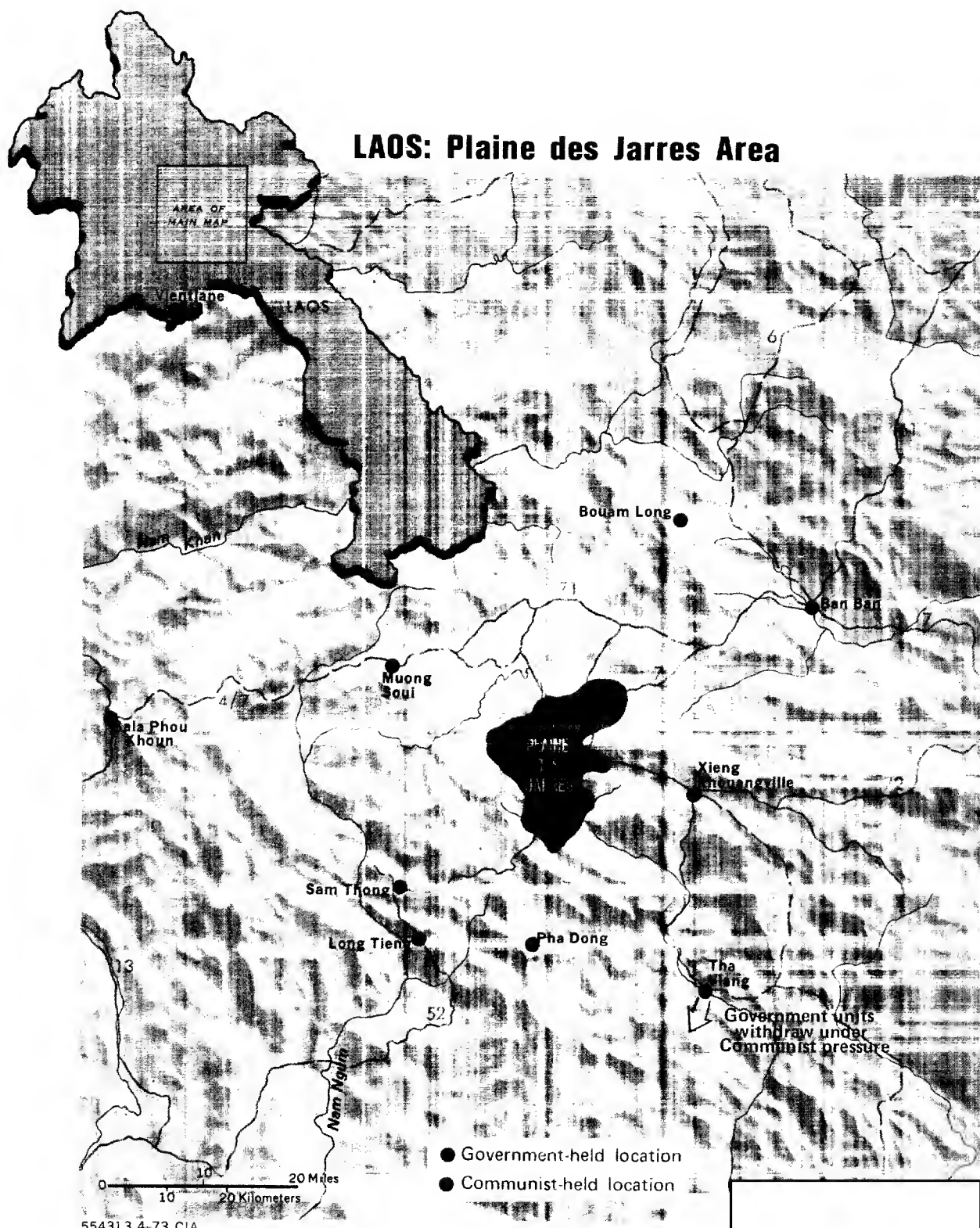
Central Intelligence Bulletin

5

SECRET



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25X1

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LAOS: Government units late on 12 April abandoned all positions near Tha Viang, southeast of the Plaine des Jarres, according to a preliminary report. Heavy North Vietnamese artillery and ground attacks reportedly caused extensive casualties, and the government troops are retreating in disorder.

[REDACTED]

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FRANCE: Economic growth this year may surpass the projected 6-percent rate. Early results point to a boom year. During January and February, inventories declined and order backlogs rose as industrial production on a seasonally adjusted basis jumped 3 percent above the December 1972 level. Industrialists now plan to boost investment expenditure by 11 percent this year, almost double the increase expected a few months ago. Foreign demand remains strong, and the seasonally adjusted trade surplus for the January-February period approached \$250 million.

[REDACTED]

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CHINA: Peking has purchased a \$41-million fertilizer complex from Japan, raising complete plant purchases this year to a record \$300 million. The new complex will consist of ammonia feedstock and urea production facilities. The urea production facility will be based on technology supplied by a US firm, M. W. Kellogg. Earlier this year, Peking purchased three urea plants from a Dutch firm controlled by Kellogg. No details on financing the new complex were announced, but other recent Chinese plant purchases from Japan are being financed by medium-term credits from the Japan Export-Import Bank. Fertilizer complexes account for about one half of the new plants purchased this year. When completed, these plants should more than double China's urea fertilizer capacity. These purchases suggest that Peking has reassessed its long-term prospects and found its domestic urea plant construction programs inadequate to provide sufficient fertilizers.

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14 Apr 73

Central Intelligence Bulletin

7

SECRET

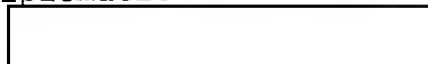
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USSR-JAPAN: The Soviet Union once again has altered its position on US and Japanese participation in the Yakutsk natural gas project. The Soviets have told the Japanese that they now wish Japan to negotiate the project on a bilateral basis, leaving for the US a secondary role to be determined by the Japanese. This is the third shift by the Soviets in the last nine months on the question of Japanese and US roles in exploiting the Yakutsk gas deposit. Since the Japanese seem to be unable to handle the project without US technical and financial support, the maneuver apparently is an attempt to speed up US action.



\* \* \* \*

CHINA-AFRICA: A recent \$66-million Chinese credit to Cameroon demonstrates China's continuing interest in Africa. The interest-free loan, negotiated during President Ahidjo's recent visit to China, may include aid agreed to last August. The new assistance brings to \$166 million China's aid to Africa so far this year. Projects for Cameroon will be determined later, but Ahidjo indicated the credit might be used in part for agriculture and for food-processing industries. This credit will increase economic ties between the two countries which have been minimal since diplomatic relations were established in April 1971.



14 Apr 73

Central Intelligence Bulletin

8

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